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To Whom It May Concern,

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Announcement of the Opinion of the Board of Directors regarding the Shareholder Proposal

TEIKOKU CORPORATION (the “Company”) received a shareholder proposal document from an individual shareholder (“Proposing Shareholder”) with respect to the 122nd Annual General Meeting of Shareholders scheduled to be held on June 29, 2026 (“Shareholder Proposal”). The Company hereby announces that, at the meeting held today, the board of directors of the Company (the “Board of Directors”) resolved to oppose the Shareholder Proposal as described below.

I. Proposing Shareholder

One individual shareholder

* Because this shareholder is an individual, the Company refrains from disclosing the name.

II. Details of the Shareholder Proposal

1. Agenda Item

Amendment to the Articles of Incorporation (Establishment of a Strategic Alternatives Committee for Strategic Review Including Going-Private Alternatives)

2. Details of the proposed matter and the reasons for proposing it

Please see the “Shareholder Proposal” document attached hereto.

The “Shareholder Proposal” document attached hereto is a reproduction of the original text of the relevant parts of the Shareholder Proposal document submitted by the Proposing Shareholder, with adjustment of the format.

III. Opinion of the Board of Directors concerning the Shareholder Proposal

1. Opinion of the Board of Directors

The Board of Directors opposes the Shareholder Proposal.

2. Reasons for Opposition

The Board of Directors consists of executive directors who have various knowledge and experience in corporate management and the sustainable development goals (SDGs), finance, accounting, and human resources, legal affairs and risk management, global management, DEI promotion and the like, and who are familiar with the Company's business, as well as independent outside directors who provide advice and proposals based on their sophisticated expertise. As a listed company, it is considered that the Board of Directors can sufficiently perform the management decision making and supervisory functions that will lead to the protection of the interests of minority shareholders and sustainable improvement of the Company's shareholder value. According to the Shareholder Proposal, the "Strategic Alternatives Committee" will "consist of at least three members selected from among the Company's independent directors" and will be granted the authority to appoint external experts and a budget. However, the Board of Directors believes that even without establishing such new committee, advice and proposals for the benefit of shareholders provided by independent outside directors with a variety of knowledge will contribute to improving the Company's shareholder value.

In addition, the Company has made management decisions by taking into consideration the opinions of shareholders and institutional investors expressed at shareholders meetings, financial results briefings, IR meetings, and other occasions, as well as advice from external experts and the like. Specifically, the Company has withdrawn from the electronic parts business and focused on the pump business after reviewing its business portfolio, and has significantly reduced the cross-shareholding to a minimal level. Also, the Company regards shareholder return as one of its most important management themes and has set out a plan for and has been carrying out an active measure of shareholder return, with the goal of paying dividends at the dividend payout ratio of approximately 50% and achieving a total payout ratio of 100% over three years from FY2024 to FY2026. In addition, the Company is working on strengthening its organizational capabilities in order to actively conduct M&As for

future growth.

Based thereon, the Company has set a target to achieve “the business scale of 70 billion yen in terms of consolidated revenue and the dominant number one position in the canned motor pump industry by 2035” from the viewpoint of sustainable improvement of the shareholder value. In order to fully leverage the Company’s strength as a global market leader in environmentally-friendly leak-free canned motor pumps, in a business environment where the use of canned motor pumps is expected to expand along with future expansion of the market for carbon-free products and the like, the Company plans a large-scale capital investment for the development of a foundation for the stable procurement of materials, improvement of technical capacities, and improvement of sales abilities aiming at deepening market penetration and exploring new markets. The plan includes the acquisition of a new plant site and the construction of a new plant in anticipation of future business expansion, as announced in “Notice Concerning the Acquisition of Fixed Assets (Plant Site)” dated December 23, 2025.

Concerning the Company’s investments for future growth described above, the Shareholder Proposal points out concerns regarding a slowdown in near-term earnings growth and shareholder returns related to the capital investment. However, the Company does not foresee any particular adverse effect on shareholders because the Company has been committed to improving the corporate value in the medium to long term based on its stable financial base, keeping in mind the balance between the growth strategy and shareholder return. Many institutional investors that the Company has continuously communicated with have voiced their support for the Company’s active investment for its medium- to long-term growth. While the Shareholder Proposal says it “does not advocate for a predetermined outcome such as going private,” it regards the investments, which are necessary and appropriate for the future growth, as a “growth paradox,” and says, “[I]t is reasonable to consider securing greater managerial flexibility” and “free from (...) short-term market evaluations.” However, the Board of Directors believes that such measure would harm the interests of many shareholders that expect sustainable growth of the Company. Maintaining a listed status is considered not merely a means of funding but also is valuable for improvement of corporate value in the medium to long term from a non-financial point

of view, such as securing management transparency, securing excellent human resources based on worldwide credibility, and being disciplined by the capital market in terms of governance. Regarding the fluctuation of demand for shares caused by reviews of TOPIX constituents pointed out by the Proposing Shareholder or other factors, the Company will address such issue by increasing the market capitalization through fundamentally improving the corporate value as described above.

In addition, the Articles of Incorporation set forth basic principles regarding corporate structure and management. Therefore, provisions regarding individual management issues limited to a certain period or matters on establishment, operating details, and examination processes of advisory bodies would not be a good fit for the characteristics of the Articles of Incorporation. There is a concern that having uniform and fixed rules in the Articles of Incorporation that go as far as to cover the committee composition, authority to appoint external experts, granting of budget, examination period, and an obligation to disclose the contents of recommendations as described in the Shareholder Proposal may impede the flexible and expeditious decision-making of the Board of Directors in case of rapid changes in the business environment. The Board of Directors understands that examination of a medium- to long-term strategy for improvement of the corporate value is one of its essential roles. At the Company, the Board of Directors proactively discusses strategies and ensures their effectiveness under the current governance structure, and therefore, it has concluded that there is no need to establish the Strategic Alternatives Committee.

For these reasons, the Board of Directors opposes the Shareholder Proposal.

Shareholder Proposal for Inclusion in the 122nd Annual General Meeting

PROPOSAL

Amendment to the Articles of Incorporation (Establishment of a Strategic Alternatives Committee for Strategic Review Including Going-Private Alternatives)

RESOLVED:

That the Company amend its Articles of Incorporation by adding the following new provisions:

Chapter 7: Strategic Alternatives Committee for Strategic Review

Article 35 (Establishment of Strategic Alternatives Committee for Strategic Review Including Going-Private Alternatives)

1. The Company shall establish a Strategic Alternatives Committee as an advisory body to the Board of Directors, consisting of at least three members selected from among the Company's independent directors registered with the Tokyo Stock Exchange (including directors who are Audit and Supervisory Committee members).
2. The Board of Directors shall grant the Strategic Alternatives Committee the authority to appoint, at its discretion, financial advisors, legal advisors, and other external experts, as well as an appropriate budget necessary for the execution of its duties.
3. The Strategic Alternatives Committee shall comprehensively review and evaluate the Company's market valuation, intrinsic corporate value, costs of maintaining listed status, capital policy, growth investments, and measures for protecting shareholder value. Based on such review, the Committee shall fairly and objectively examine the rationale for maintaining the Company's listed status, as well as strategic alternatives including management buyouts (MBOs), third-party sales, and other going-private transactions (including proactive market checks with potential acquirers), and submit its recommendations to the Board of Directors.
4. The Board of Directors shall disclose the contents of such recommendations to the extent permitted by applicable laws and confidentiality obligations.

Supplementary Provisions

1. The initial recommendation set forth in Article 35, Paragraph 3 shall be

delivered within nine (9) months from the effective date of this amendment.

2. The Board of Directors shall disclose such recommendation within seven (7) days from receipt thereof.

3. These supplementary provisions shall be deleted upon such disclosure.

SUPPORTING STATEMENT

The Company is a global niche leader in canned motor pump technology, characterized by its proprietary leak-free structure, and has built a highly differentiated business with strong technological capabilities and reliability over many years. The Company's business foundation remains extremely solid, as evidenced by record-high revenue and profits achieved through a focused strategy on its core business.

However, despite such intrinsic corporate value, the current market valuation does not appear to fully reflect the Company's true potential, and the rationale for maintaining its listed status should be reexamined.

1. Gap Between Intrinsic Value and Market Valuation

The Company maintains a highly robust financial position, with substantial cash reserves of approximately JPY 12–14.5 billion (representing roughly 30% of total assets) and an equity ratio approaching 80%, effectively operating without debt. Furthermore, its core canned motor pump business holds a dominant market share (approximately 60% in Japan and 40% globally), demonstrating strong profitability.

Despite these strengths, the Company's valuation remains modest, with a Price Book-value Ratio (PBR) of approximately 1.5x, which appears insufficient relative to its underlying quality.

Such persistent undervaluation suggests that the current listed status may not be optimal for realizing the Company's intrinsic value or enabling sufficient managerial flexibility.

2. Challenges in Balancing Long-Term Growth and Shareholder Value

Management has announced an ambitious target of achieving JPY 70 billion in revenue by 2035. However, current production capacity is nearing saturation (approximately 80–90% utilization), and achieving this target would require substantial capital expenditures.

Discussions with management indicate that such investments may constrain shareholder returns in the near term. While large-scale capital investments are expected to lead to increased depreciation and upfront costs, there remains limited visibility into improvements in profitability or return on equity under the current expansion strategy. In such circumstances, a slowdown in near-term earnings growth and shareholder returns may be perceived negatively by the market, creating a significant risk that the Company may fall into a "growth paradox,"

where long-term strategic investments weigh on its share price. To execute effectively a long-term group vision over a ten-year horizon, it is reasonable to consider securing greater managerial flexibility through a transition to a private ownership structure, free from the pressures of quarterly earnings expectations and short-term market evaluations.

3. Insufficient Measures for Near-Term Shareholder Value Protection

While management emphasizes long-term growth strategies, it has not clearly articulated measures to address near-term factors directly affecting shareholder value, including the Company's continued inclusion in the TOPIX index.

The upcoming periodic reviews of TOPIX constituents in 2026 and 2027 pose a tangible risk of exclusion, which would likely reduce passive investment flows and negatively impact the Company's share price.

The absence of a clear strategy to address such risks may result in significant value erosion for existing shareholders. If the Company intends to maintain its listed status, it should present concrete measures to address such changes in market structure. On the other hand, if doing so proves difficult and there are inherent limitations in balancing these considerations with long-term investment objectives, the Company should reexamine the rationale for remaining listed and objectively evaluate all strategic alternatives, including going-private transactions.

CONCLUSION

In light of the above, I believe it is necessary to establish a framework that does not presume the continuation of the Company's listed status, but instead enables a fair and objective evaluation of all strategic alternatives, including going-private transactions.

The Board should rigorously reassess the rationale for maintaining listed status on an ongoing basis and objectively evaluate the feasibility and economic merits of strategic alternatives such as MBOs or third-party sales, including the provision of appropriate premiums to shareholders.

This proposal does not advocate for a predetermined outcome such as going private, but rather seeks to ensure the establishment of an independent and robust process to determine the most value-enhancing path for all shareholders.